10-21-1932

# City Club of Portland Bulletin vol. 13, no. 25 (1932-10-21)

City Club of Portland (Portland, Or.)

"Harmony in Diversity"

# PORTLAND CITY CLUB BULLETIN

"Active Citizenship"

VOLUME XIII | PORTLAND, OREGON, OCTOBER 21, 1932 | NUMBER 25

***FRIDAY, OCTOBER 21*** *HOTEL BENSON; 12:10*

## AN OPEN FORUM ON ELECTION MEASURES

Committee reports on six election measures will be presented for action of the Club at today's meeting. Recognizing that "The chief corrective of gullibility is a full and free display of the critical spirit," advanced notice of opposition from the floor has been given on three of these reports.

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**TAX AND DEBT CONTROL CONSTITUTIONAL AMENDMENT AND THE TAX SUPERVISING AND CONSERVATION BILL**

This report was presented at last week's meeting but action was postponed due to limitation of time for discussion.

**THE SPECIAL TAX FOR MUSICAL CONCERTS**

Report printed on page 2 of last week's *Bulletin*. Due to an error in printing the head which reads "Bond Levy" etc. should be "Band Levy" etc.

**REFERENDUM ON SALE OF PROPERTY ACQUIRED THROUGH DELINQUENT ASSESSMENTS**

**REFERENDUM ON PAYMENT BY CITY BUREAUS FOR USE OF WATER**

**REPEAL OF THE STATE PROHIBITION ENFORCEMENT LAW**

**THE FREIGHT, TRUCK AND BUS BILL**

**REPORT ON THE COMMUNITY CHEST BUDGET**

The reports on these measures are printed below and will be presented for action today.

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## LIMITATION OF DEBATE

The proximity of the coming election and the fact that fifteen reports on election measures remain to be considered have prompted the Board of Governors to place a time limit of two minutes on all speeches from the floor. Waiver of this limit is at the discretion of the Chair.

## COMMITTEE UNANIMOUSLY APPROVES CHEST BUDGET HELP THE CAMPAIGN REACH ITS GOAL

*A Report by the Social Welfare Section*

To the Board of Governors of the City Club:

Your committee appointed to report on the current budget of the Portland Community Chest, makes the following report:

After a comparison of the 1931 and 1932 itemized budgets as listed in the printed matter handed to us from the Chest office, your committee unanimously approves the budget and urges the members of the City Club to give the Chest their full support.

The following agencies have been allowed increases in their appropriations; the Boys and Girls Aid Society, the Catholic Women's League, Grandma's Kitchen, the Louise Home and Juvenile Hospital, the Public Welfare Bureau, the Salvation Army, the University of Oregon Out-Patient Clinic, the Y. M. C. A. and the Emergency Relief Fund. To make the budget balance, the majority of the other agencies have had to take some reductions. The total subscription to the Chest asked for this year is within a thousand dollars of last years.

It is common knowledge that the need has increased over last year so that it is more important than ever that the campaign reach its goal.

Respectfully submitted,
ALLAN A. BYNON,
JOHN A. BECKWITH,
WILLIAM L. BREWSTER, JR., *Chairman.*

Approved by Edmund Hayes, chairman of the Social Welfare Section.

Accepted by the Board of Governors and ordered printed and submitted to the membership of the City Club for consideration and action on October 21, 1932.

*Tune in KEX at 8:30 P. M. Sunday*

# PORTLAND CITY CLUB BULLETIN

*Published Weekly by*

**THE CITY CLUB**

OF PORTLAND

Office of the Club . . . . . 606 Oregon Building

Telephone ATwater 6593

Subscription Price . . . . . $1.00 per year

Entered as Second Class Matter, October 29, 1920, at the postoffice at Portland, Oregon, under act of March 3, 1879.

City Club dues are $1.00 per month, payable semi-annually on May 1st, and November 1st. There is no initiation fee.

The regular Friday luncheon meetings are held in the Crystal Room of the Benson Hotel.


## CITY CLUB PURPOSE

*"To inform its members and the community in public matters and to arouse them to a realization of the obligations of citizenship."*



## APPLICATIONS FOR MEMBERSHIP

The following applications for membership, having been approved by the Board of Governors, are hereby recommended to the Club.

If no objections are filed with the Board of Governors or the Executive Secretary prior to November 4, 1932, these applicants will, under the Constitution, stand elected.

DR. EARL SMITH
Physician and Surgeon
612 Oregonian Building
Recommended by Dr. C. U. Moore

DR. RAYMOND R. STAUB
Physician
710 Selling Building
Recommended by Dr. C. U. Moore

M. A. CASH
Advertising Manager, Safeway Stores, Inc.
35 E. Third Street
Recommended by C. C. Chapman

# OLEOMARGARINE REPORT APPROVED BY MEMBERS

*Supplementary Report of the Oleomargarine Tax Committee*

To the Board of Governors of the City Club:

Since the original report, several requests were made to present to the committee additional facts and information. We have considered these additional facts with open minds.

It has been suggested that our statement in the former report to the effect that oleomargarine is a "*healthful* product of food value" is incorrect and misleading. Experiments carried on at the University of Oregon medical school by the feeding of oleomargarine to dogs, and comparing the results with puppies from the same litter fed with butter, resulted in the medical conclusion that the use of oleomargarine lessened the resistance to disease and retarded full physical development. It is admitted that oleomargarine has food value, but it is contended now by the proponents of this measure that the use of it is detrimental to health. This appears to be a subject of controversy. However, if it be true that the use of oleomargarine is unhealthful, the use of it should be prohibited under the police power of the state, and not merely limited by means of a taxing measure. The proposed measure is a taxing measure only.

We wish to correct the facts as to manufacture and distribution of oleomargarine in the State of Oregon. In a normal year, it is estimated that between 4,000,000 and 6,000,000 pounds of butter substitutes are sold, and that about 2,500,000 pounds are manufactured in the state. For the present year, it is estimated that 600,000 will be sold, and that 350,000 pounds will be manufactured.

Surveys show that 41,405 farmers in this state own dairy cattle, the average size of a dairy herd being 5.4 cows. The average production per cow in this state is 224 pounds of butterfat per year. Based upon the regular millage tax, it has been determined from a survey made by the State College that the farmer pays from 3 cents to 6 cents per pound of butter, in taxes. This tax is represented by that part of the farm used exclusively for the dairy. The proponents of this measure assert that they only seek a tax parity with butter substitutes. It is manifest that the proposed tax on butter substitutes is double the average regular millage tax to the farmer. This does not consider, however, the regular millage tax imposed upon the plant and equipment of those engaged in manufacturing and distributing butter substitutes.

After a careful reconsideration, we feel that the conclusions reached in our original report are correct, and your committee now makes the same recommendation.

Respectfully submitted,

A. H. COUSINS,
CLARENCE D. PHILLIPS,
H. A. TEMPLETON, *Chairman.*

Approved by the membership October 14, 1932.

TAX SHAVING does not always result in tax saving.

# TEN YEAR CONTRACT FOR SALE OF DELINQUENT TAX PROPERTY IS APPROVED BY COMMITTEE

*A Report by the Taxation Section*

To the Board of Governors of the City Club:

To your committee there was submitted the proposed amendment to Section 284-A of the Charter of the City of Portland dealing with the sale by the city of property acquired through delinquent assessments or tax foreclosure sales. The proposed amendment would allow the city to enter into sales contracts not exceeding a term of ten years. Under the present law, the City of Portland cannot enter into any contract for a term of more than two years.

The purpose of the proposed amendment is to enable the city, in the sale of real property obtained in the above manner, to be in the same position as a private property owner insofar as the terms of the sales contract are concerned. If such an amendment is approved, the city can sell either for cash, on short-term contracts, or on contracts running as long as ten years. The proposed amendment is merely an empowering act, widening the basis on which the city can do business on delinquent assessment property.

There are two principal reasons why the city is anxious to dispose of the property which it has unwillingly but necessarily acquired. One is to place this property back on the tax rolls. Another is to obtain funds to retire assessment collection bonds, the proceeds of which were used to acquire the property in question and to obtain revenue to pay the interest on such bonds. The sale by the city on a long-term contract basis will put the property back on the tax rolls at the time of the first levy after the contract has been executed, and if the unpaid balance on the contract bears interest, there will be a substantial financial return. As the city retains title until the full purchase price is paid, its security is not impaired by a long-term sales contract. By virtue of the proposed amendment, if it becomes a part of the charter, the city may be able to make sales which it is now losing because of its limited power in granting terms.

*Endorsement of Amendment Is Recommended*

After careful study of the matter your committee cannot see any objectionable features to the amendment, and as there are certain advantages, we recommend the endorsement of this amendment by the City Club.

While the solution of the specific problem assigned to this committee is relatively simple, the committee before reaching its conclusion felt obliged to make at least a cursory study of the entire problem of handling property taken on delinquent assessments, or on Sheriff's foreclosure sales for delinquent taxes. We have found that the city owns approximately one-tenth of the entire unimproved lots within the city limits. We have found that there are outstanding approximately seven million dollars in special improvement bonds; that there are outstanding $1,300,000.00 of assessment collection bonds; and that there is a large but unknown amount of assessments against property which has not been bonded. No one seems to know how much of these latter assessments are delinquent.

*Problems Should Be Investigated*

From such study we are of the opinion that this entire problem should be carefully investigated, including: (1) The method of financing special improvements such as streets, sidewalks, sewers and the like; (2) Whether or not an audit should be made of all city transactions involving assessments, including the amount of delinquent bonded assessments, the amount of delinquent open assessments, and the obligation of the city for taxes on properties which it holds, with some thought to the comparative value of the property on which the city has a lien for the delinquent assessments; (3) The relation of the county to the city with reference to priority of lien, and the manner of handling sales of delinquent property which has been acquired by the city.

We have tried to observe the admonition of brevity in the preparation of this report.

Respectfully submitted,
ARTHUR M. CHURCHILL,
FERD PRINCE,
WM. H. FEIGENSON,
W. D. FRALEY,
ARTHUR A. GOLDSMITH, *Chairman.*

Approved by James J. Sayer, chairman of the Taxation Section.

Accepted by the Board of Governors and ordered printed and submitted to the membership of the City Club for consideration and action on October 21, 1932.

# PAYMENT BY CITY FOR USE OF WATER IS SOUND SAYS COMMITTEE

*A Report by the Port Development and Public Utilities Section*

To the Board of Governors of the City Club:

The proposed amendment to the City Charter to affect the Bureau of Water Works is brought forth at this time as a measure intended to relieve a condition of existing and continuing deficit in the finances of the Bureau. The anticipated result will, in addition to attaining the primary object, also effect a more equitable division of burden in the service of water supply than now exists as between the water user and the tax payer. Proceedings necessary to make the act effective are made mandatory upon the Council, thus obviating the possibility of evasion of its provisions.

The important features of the proposed amendment are contained in provisions:

1. That the Water Bureau shall be paid for all water used, except that used in fighting fire, by all municipal agencies at the same established rates as fixed by ordinance. The Water Bureau shall in turn pay for all services rendered to the bureau by other municipal agencies.

2. The City shall pay to the Water Bureau for the service of fire protection an amount proportioned to the cost of rendering such service. The amount of this payment shall be found after taking into consideration the

additional investment required for fire protection and the fixed cost of such investment together with the cost of operation and maintenance. Against the sum of these costs will be credited an amount to be determined by applying the prevailing millage rate to the assessable value of the property of the Bureau located in the city not used for fire protection service.

3. The Council is required not only to determine the amount of payments for the various services in the manner heretofore explained, but to annually budget and appropriate necessary funds for same and to pay monthly the proportionate amount of such funds to the Water Bureau.

## REASONS

The reason given for the need of this measure is that the revenues of the Bureau are increasingly less than required expenses, of which bond interest and sinking fund requirements comprise more than 70% of the total. These requirements for interest and sinking fund charges, exclusive of any for future bond issues, for each of the next five years is as follows:

| Year | Interest | Sinking Fund | Total |
|---|---|---|---|
| 1933 | $849,550 | $329,078 | $1,178,628 |
| 1934 | 846,295 | 357,110 | 1,203,405 |
| 1935 | 837,078 | 392,062 | 1,229,140 |
| 1936 | 785,008 | 418,814 | 1,203,822 |
| 1937 | 725,771 | 455,306 | 1,181,077 |

Preliminary investigation as to operating losses indicates that there was a deficit of more than $100,000 in the operation of the Bureau in the year 1931, and that estimates based on eight months of operation this year show a deficit of about $200,000 for the year 1932. The claim that additional revenue is needed seems justified by supporting evidence. Also if the operations of the Water Bureau are to be continued at no sacrifice or impairment of either service or credit, or both, then additional revenue appears to be required. Admitting the need of additional revenue, the problem arises of determining its source.

### *Two Sources of Additional Revenue*

In this particular case it appears that, aside from the General Fund, only two sources of additional revenue are available. One is through a general increase in rates, and the other is in the provisions of this amendment. The former is at all times unpopular and would no doubt encounter strong opposition at this time, even though it were necessary and equitable, so that the latter remains for analysis as to its potential merits.

The measure of relief expected by the adoption of this amendment is estimated as follows:

| | | |
|---|---|---|
| Total estimated relief required | | $225,000 |
| Charges for water consumed by the City | $ 51,131 | |
| Credit, cost of services rendered to Bureau | 25,470 | |
| Net charges | $ 25,661 | |
| Charges for fire protection service | $ 330,042 | |
| Credit, in lieu of taxes | 248,938 | |
| Net charges | $ 81,104 | |
| Total net charges to City | | $ 106,765 |
| Relief required through increased or adjusted rates | | $ 118,235 |

The essential features of the proposed measure are contained in the principle that the Water Bureau in its operations renders the City a valuable service. This service heretofore has been free to the City, where now it is proposed to charge for it. The charge is intended to be commensurate with the cost of rendering the service.

### *The Principle Is Well Founded*

Basically the principle involved in this proposal seems well founded and has met with wide approval. Numerous decisions by courts and public utility regulatory bodies have given it recognition and advocated it as a means for equitable distribution of cost of rendering such service. Mr. E. C. Willard, consulting engineer, who has made several special studies of the Water Bureau for the City Commissioners, discusses the subject at some length in his report on the Bureau of Water as of June 30, 1922, and summarizes as follows:

"The Bureau of Water Works should receive compensation for all services rendered to the City for the use of water, and for the furnishing of fire protection to the public at large, and this charge, which should be borne by the general fund of the city, should be, to a certain extent, offset by a reasonable charge for local taxes and such services as are rendered by the other municipal departments to the Bureau of Water Works. In this way only can the charges to the consumers of water be made equitable and the rates fixed upon the basis of the cost of service."

As further evidence of the recognition of the merits in this principle we have in our own city government the record that the Water Committee in 1891 adopted the policy of billing the City for services rendered. From 1891 to 1907 there was billed a total sum of $673,589, which, however, was not paid. In 1907, when the charter was amended by the vote of the people authorizing bonds for construction, there was also a provision:

"The City of Portland shall pay into the Water Fund thereof the sum of $50,000 per annum in full compensation for all water consumed by or furnished to the city after the year 1907."

This charter provision was likewise ignored in that the payments were not made.

The foregoing line of reasoning seems to lead to the conviction that the merits of the principle involved have long been recognized by the people of this city. Their willingness to put this principle into effect is reflected in their previous approval of legislation embodying the principle.

## RECOMMENDATIONS AND CONCLUSIONS

The basic principle involved in the first two paragraphs of the proposed amendment seems sound and reasonable; also the mandatory provision of the last paragraph is necessary and justifiable. The question of whether a deficit in the operations does or does not exist is unimportant and merit alone should justify support of the measure.

Respectfully submitted,

L. E. KURTICHANOF,
GUY N. HICKOK,
PEARCE C. DAVIS, *Chairman*.

Approved by George W. Friede, Chairman of the Port Development and Public Utilities Section.

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# REPEAL OF OREGON PROHIBITION LAW WOULD PLACE STATE IN ANOMALOUS POSITION

*A Report by the Social Welfare Section*

To the Board of Governors of the City Club:

Your committee to study the bill repealing the Oregon prohibition law herewith submits its report. This bill is one submitted to the voters by an initiative petition sponsored by Harry B. Critchlow and reads as follows:

"BE IT ENACTED BY THE PEOPLE OF THE STATE OF OREGON;

Section 1. That Chapter I, Title 15, Oregon Code 1930, known as the General Prohibition Law, be and the same is hereby repealed."

Title 15 of the Oregon Code is the portion of criminal laws applying to "Intoxicating Liquors and Narcotics." Chapter I of Title 15 is entitled "General Prohibition Law," and its contents are described in the ballot title prepared for the Critchlow petition, which reads:

"BILL TO REPEAL STATE PROHIBITION LAW OF OREGON;

PURPOSE: To repeal the general prohibition law of the state of Oregon, which prohibits the manufacture, sale, giving away, barter, delivery, receipt, possession, importation or transportation of intoxicating liquor within this state, and provides for the enforcement of such prohibition; and thus to do away with prohibition and its enforcement in and by the state of Oregon."

Some question might be raised as to the strict accuracy of the phrase "and thus to do away with prohibition and its enforcement in and by the state of Oregon," because in the Constitution and in the remaining portions of Title 15 and elsewhere in the Code will be found provisions having to do with intoxicating liquor. Even though this bill carries, and Chapter I, Title 15, which contains the principal provision for the enforcement of prohibition is repealed, there will remain in the Constitution two very definite pronouncements on this subject. These are Section 36 of Article I of the Constitution, which prohibits the manufacture and sale of intoxicating liquor, and Section 36 (a) of the same article, which prohibits its importation. These sections were added to the Constitution by the vote of the people in 1914 and 1916, and in conformity to their provisions the legislature enacted the statutes which the Critchlow bill proposes to repeal.

*Many Laws Dealing With Prohibition Remain*

If the Critchlow bill is passed there will also remain on the statute books, in addition to the constitutional provisions, certain laws dealing with liquor and prohibition. Some of these were passed before the 1914 amendment while local option was still in force; others were enacted subsequently to the passage of the 18th Amendment and the Volstead Law. The principal ones have to do with the following subjects: intoxicated persons operating motor vehicles; the abatement of nuisances in conformity with the Federal law; search and seizure of boats and vehicles; suppression of stills; shipment by common carriers; furnishing liquor to minors; drinking in railroad cars; and civil liability on account of furnishing liquor to drunkards. The enforcement machinery provided in Chapter 9 of Title 15, would also remain, unless changed by the legislature, even though the principal provisions of the laws which were to be enforced had been repealed.

The Federal law would of course remain in effect and its enforcement could be aided by the state authorities if they so desired. Whether or not this would be done, would probably depend on the interpretation given by the authorities to the vote on the Critchlow bill. It should also be noted in this connection that the legislature meeting in January 1933 can if it desires re-enact the Chapter now before us for repeal, or pass any legislation which it deems necessary for the enforcement of the constitutional provisions. It is the understanding of the committee that the proposers of the Critchlow bill have no program ready to submit the legislature as to any subsequent legislation, the main object in proposing this bill seeming to be, to obtain a poll of wet and dry settlement in the state.

*Object of the Bill Is Two-fold*

Mr. Critchlow, proposer of the measure, stated to the committee that the reasons why the initiative was instituted against the enforcement statutes rather than against the constitutional amendments were, to avoid the confusion of having more than one measure on the ballot and to obtain a vote of the people on the specific enforcement law which was enacted by the legislature and has never been passed on by the voters. Mr. Critchlow's object seems to the committee to be two-fold, the principal one being to get a vote on record for or against prohibition, the secondary object being to take off the statute books what are considered to be the most objectionable enforcement provisions. He did not outline any program to be followed if the repeal is successful, evidently believing that the incoming legislature would take whatever steps are necessary to bring the state in line with the federal regulations, and that it will be time enough to pass any further legislation when it is determined whether the 18th Amendment is to be repealed or modified.

Those opposed to the measure, who were consulted by the committee, called attention to the fact that if the repeal is successful, the only active force in preventing violation of the federal laws will be that of the Federal commissioner, a small force of about twenty men who would be entirely unable to cope with the situation, and that, even though the state authorities should co-operate with the Federal, all cases would have to be brought in the Federal courts, causing serious congestion in their calendar, and that the state would be left with practically no protection against unlimited importation, manufacture and sale of intoxicating liquors.

*Statistics Are Unreliable*

We do not attempt to set out any statistics in this report, those which were considered by the committee in its investigation dealt largely with the National situation rather than that in this state, and it seemed to the committee that the statistics for this state alone were undependable, and that any conclusions drawn from them would be subject to criticism.

In investigating this measure we have tried to concentrate our attention on the particular measure before us. This has been difficult to do, both because of the fact that the question of local regulation and enforcement are closely connected with the question of federal regulation and investment, and because we realize

additional investment required for fire protection and the fixed cost of such investment together with the cost of operation and maintenance. Against the sum of these costs will be credited an amount to be determined by applying the prevailing millage rate to the assessable value of the property of the Bureau located in the city not used for fire protection service.

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The Federal law would of course remain in effect and its enforcement could be aided by the state authorities if they so desired. Whether or not this would be done, would probably depend on the interpretation given by the authorities to the vote on the Critchlow bill. It should also be noted in this connection that the legislature meeting in January 1933 can if it desires re-enact the Chapter now before us for repeal, or pass any legislation which it deems necessary for the enforcement of the constitutional provisions. It is the understanding of the committee that the proposers of the Critchlow bill have no program ready to submit the legislature as to any subsequent legislation, the main object in proposing this bill seeming to be, to obtain a poll of wet and dry settlement in the state.

*Object of the Bill Is Two-fold*

Mr. Critchlow, proposer of the measure, stated to the committee that the reasons why the initiative was instituted against the enforcement statutes rather than against the constitutional amendments were, to avoid the confusion of having more than one measure on the ballot and to obtain a vote of the people on the specific enforcement law which was enacted by the legislature and has never been passed on by the voters. Mr. Critchlow's object seems to the committee to be two-fold, the principal one being to get a vote on record for or against prohibition, the secondary object being to take off the statute books what are considered to be the most objectionable enforcement provisions. He did not outline any program to be followed if the repeal is successful, evidently believing that the incoming legislature would take whatever steps are necessary to bring the state in line with the federal regulations, and that it will be time enough to pass any further legislation when it is determined whether the 18th Amendment is to be repealed or modified.

Those opposed to the measure, who were consulted by the committee, called attention to the fact that if the repeal is successful, the only active force in preventing violation of the federal laws will be that of the Federal commissioner, a small force of about twenty men who would be entirely unable to cope with the situation, and that, even though the state authorities should co-operate with the Federal, all cases would have to be brought in the Federal courts, causing serious congestion in their calendar, and that the state would be left with practically no protection against unlimited importation, manufacture and sale of intoxicating liquors.

*Statistics Are Unreliable*

We do not attempt to set out any statistics in this report, those which were considered by the committee in its investigation dealt largely with the National situation rather than that in this state, and it seemed to the committee that the statistics for this state alone were undependable, and that any conclusions drawn from them would be subject to criticism.

In investigating this measure we have tried to concentrate our attention on the particular measure before us. This has been difficult to do, both because of the fact that the question of local regulation and enforcement are closely connected with the question of federal regulation and investment, and because we realize

that the vote cast on this measure by each individual will be largely determined by his desire for the repeal or retention of the 18th Amendment and the Volstead Law. In reaching our conclusions and in making our recommendations, we have found that it was necessary to consider our attitude toward National prohibition and its evils, and to determine in a general way the essential elements involved in the solution of them, and then decide whether we believed the passage of the Critchlow bill is to be recommended as helping to improve the situation.

*Evils Should Be Corrected*

The subject of prohibition is a particularly controversial one, and it appears unlikely that an ideal solution of the problem will ever be found. As conditions change, modifications in the regulations of traffic in alcoholic beverages will be necessary. Any such changes should be carefully planned to correct existing abuses, and to enlist the co-operation of all normally law abiding people. The members of the committee are agreed that the prohibition era has witnessed the growth of evils which cry aloud for correction. We are also agreed that a return to the day of the licensed saloon is not to be considered. We believe that any plan for a modification of the present law should be related to and take cognizance of impending Federal legislation, should provide revenue to the government, and should effectively discourage and forbid:

1. Consumption of liquor in place where sold.
2. Sale of liquor in other than original packages.
3. Bootlegging.
4. Sale to minors.
5. Transportation into dry territory.
6. Drunken driving.
7. Any form of liquor advertising.

RECOMMENDATIONS AND CONCLUSIONS

It does not seem to us that the passage of the Critchlow bill, repealing our present enforcement statutes without substituting any constructive legislation, is to be recommended. While we believe that the liquor laws should be modified, we do not believe that the state should be put in the anomalous position of having a bone dry constitution with no statute making its provisions effective, and no regulations controlling the manufacture, importation or sale of alcoholic beverages.

This committee therefore recommends that the Critchlow bill be opposed.

Respectfully submitted,

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Approved by Edmund Hayes, Chairman of the Social Welfare Section.

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# BAD FEATURES OF TRUCK BILL FAR OUTWEIGH GOOD. IF PASSED, POPULAR MANDATE WOULD PREVENT LEGISLATIVE CORRECTION

*A Report by the Port Development and Public Utilities Section*

To the Board of Governors of the City Club:

The proposed Freight Truck and Bus bill sponsored by Ex-Governor Oswald West and to be voted on at the November election prescribes a maximum weight for vehicles or combination of vehicles on Oregon highways of 34,000 lbs., with a maximum load per axle of 17,000 lbs. The maximum weight allowed by the present law is 49,000 lbs., with a maximum axle load of 17,000 lbs. The proposed law eliminates all two axle trailers, except such as carry a combined weight of 3,000 lbs. or less, but permits single axle semi-trailers. The bill also prescribes a maximum overall length for any vehicle or combination of vehicles on the highway, of 40 feet. The existing law allows 65 feet.

The proposed bill fixes for class 4 common carrier, regular route trucks a mileage tax of 1¼ mills per ton mile, an increase of 50% over the present tax; and for class 7 commercial contract haulers a mileage tax of 1¼ mills per ton mile. At present contract haulers pay only a license fee 1¼ to 2 times the regular fee.

The bill also provides: (1) For immediate study of traffic conditions by the Highway Commission and a report to the next legislature with suggestions for more appropriate taxing and regulation of motor traffic in proportion to its demands on the highway. (2) That all contract hauler trucks must take out permits from the Public Utilities Commissioner for periods not to exceed 4 years; must furnish bonds against damage to the highway, and liability insurance against accidents; and must comply with strict regulations as to reports, hours of employment, speed of vehicles, posting good faith bonds, etc. (3) That publicly owned vehicles and non-commercial rural trucks be exempt from such restrictions.

*Lower Rates Justify Highway Investment*

Since 1913 the construction and maintenance of automobile highways in Oregon, county and state, has cost $300,000,000, an average expenditure of more than $300 per resident. No doubt the purpose of this investment has been in part to foster the tourist traffic, but in the main no such huge investment can be justified except as it affords residents of the state a more ready access to markets and makes possible a means of transportation which will reflect itself in reduced costs of doing business. The motor transportation which makes these advantages available must not become destructive to the highways. It is our opinion therefore that the true gauge of any successful attempt to regulate truck and bus traffic in this state is the measure in which it promotes; (1) the efficiency of motor truck transportation consistent with an equitable distribution of highway costs, (2) the protection of the highways, (3) the safety of the public, (4) the reasonable security of the railroads.

*The Bill Has Some Good Features*

Viewed along these lines, the proposed bill has some admirable features. The recognition of the need of a scientific study by experts of the problem of coordinating the increased demands of commercial trucks with the needs of private automobile owners and the preservation of the highways is constructive. An attempt to put

commercial highway users on a more equitable fee basis as between themselves is also commendable. It is likewise desirable, at least on certain highways, to further limit the size and weight of vehicles and to insure the more careful and responsible operation of trucks as this bill does. Toward such end the provisions of the bill governing hours of driver employment and requiring definite permits from the Public Service Commissioner for contract haulers, backed by liability insurance and other pledges of good faith have merit.

*Motorists Set Highway Standards*

It is contended in defense of the bill that for ordinary automobile traffic no such elaborate construction as that of our modern highways would be required, and that the truck haulers should therefore pay not only for the maintenance but for the amortization of that extra highway cost over and above the cost required for normal automobile traffic. We believe there is some merit in this contention. We do however call attention to the fact that the automobile users of the state, and not the truck men, have prescribed the standards of highway construction. Also, apart from higher mileage taxes and license fees, the commercial motor truck already pays a gasoline tax per mile of from three to five times that of the ordinary car. And fundamentally the reduced transportation rates made possible by highway investments and by commercial trucking are an advantage to the general public and the supposition is that the taxpayer benefits to an extent sufficient to maintain and amortize the improvement for which taxpayer money was paid. If in this case we legislate trucks off the highway we shall neither benefit from the increased fees they are scheduled to pay nor from the indirect but far more important advantage in lower transportation costs which the highway investment has made possible through the use of trucks.

*Burdens Placed On Contract Haulers*

The proposed law lays upon the contract hauler substantial burdens of questionable merit. By itself the new 1¼ mills per ton requirement will cost him an additional $3.00 to $5.00 per day during the period of his contract. This item will be reflected in transportation costs and along with the other strict regulations, e. g., insurance, bonding requirements, etc., will in many instances put him out of business. We believe the contract hauler can and should be controlled by provisions requiring proper credentials and compliance with necessary regulations before obtaining a permit. Beyond this we think it unwise materially to disturb his status without a more careful analysis of his importance to the rate picture and to the various locked up resources of the state.

*Elimination of Trailers Curtails Efficiency*

The proposed bill does not attempt to promote—it rather attempts to curtail the volume and efficiency of motor truck transportation. Proof of this assertion is the provision which prohibits two axle trailers carrying over 3,000 lbs. weight, which means the elimination of trailers for commercial use. The use of two axle trailers has notably increased motor truck efficiency and at the same time has reduced the weight per axle to a point well within the standard limit prescribed by United States Highway Engineers as consistent with highway preservation. The present load limit required in this state of 49,000 lbs. means a load per axle of 15,000 lbs. if five-eighths of the load is carried by the trailer, while 17,000 lbs. per axle is permitted by both present and proposed laws. However, a return to the old system with no trailer and a maximum load of 34,000 lbs. as proposed, means a concentration of 34,000 lbs. on two axles with greater consequent demand on the pavement.

*Public Safety Is Not Insured*

It is interesting to note that the proposed law completely disregards the standard weights and lengths of vehicles suggested for all states by the National Conferences of Highway Experts for Uniform State Laws sponsored by the United States Chamber of Commerce. These standards have been adopted increasingly in a number of states including Oregon. The public safety in this case might have been amply safe-guarded by prescribing the maximum overall length of any combination of vehicles without specifically eliminating trailers. The fact that two axle trailers are eliminated while the less efficient but perhaps no less dangerous single axle trailer is still permitted leads to the suspicion that this bill is designed to increase the cost of motor trucking rather than insure safety on the highways.

*Higher Freight Rates Will Result*

The greatly increased use of motor freighting which is helping to justify the enormous investment in highways, is sufficient indication of the value to Oregon producers and consumers of this new method of transportation. Commercial motor trucking saves the taxpayers of this state many thousands of dollars each year directly and through reduced rates which it has caused the railroads to meet in competition. Both city and rural consumers enjoy reduced prices as a result. Now comes this bill which it is estimated will add 50% to the cost of freight trucking through the single provision eliminating trailers. In our opinion it would be extremely unwise to hurriedly increase trucking costs with the possibility of removing truckers as serious competitors of the railroads. Moreover there are large areas of the state such as the large John Day Highway District whose only access to market is by trucks over improved highways. In such cases an increase of 50% to 100% in transportation costs spells the destruction of business with all that that means in increased costs to consumers as well as producers.

*Trade Connections Are Threatened*

The sustained efforts of Portland to divert part of the rich Yakima and Wenatchee trade to the Columbia outlet have been partially realized through the recent completion of the Satus Pass highway. The Columbia gateway today depends upon this highway and continued economical truck transportation over it for the diversion of approximately 30% of the Yakima trade. From the standpoint of Portland taxpayers and Yakima Valley producers, any measure which threatens, as this bill does, the continuance of this happy Portland-Yakima trade connection seems stupidly destructive. The maintenance of the existing trade connections of other Oregon jobbing centers such as Medford, Eugene and Klamath Falls, both interstate and intrastate, would likewise be seriously hampered. The continued existence of what is known as the Columbia River Differential would also be imperiled since the railroads would no longer be subjected to extensive truck competition as far as shipments from the Differential territory to Portland are concerned, while the continuance of truck competition from the Differential area

to Puget Sound would tend to force the maintenance of low rates to the latter point. To inaugurate any such return to the old system, as this bill proposes, without fully weighing the consequences seems extremely short sighted and unconstructive. The questions involved are far too complicated to pass upon without expert study.

*Blanket Regulations Are Not Applicable*

A further vital weakness of the bill is that it attempts to prescribe blanket regulations for a system of highways not susceptible of such regulation. It appears utterly unsound, for example, to prescribe the same restrictions for trucks upon the Canyon Road from Portland to Beaverton, a modern super-highway, as upon the upper Columbia highway with its extreme curvatures, narrow widths and light construction. It is our belief that regulation should be fitted to the different types of highway and that the benefits of modern highways should not be sacrificed for the sake of "backward and unfit" highways.

*The Legislature Should Initiate Truck Regulation*

It has been argued by proponents of this bill that, in spite of its obvious defects, it should be passed at this time and later revised in the legislature. In our opinion this is a policy of expendiency which is always dangerous and in this case inconsistent with the ideals of the City Club. A bill which is thus technical and complex in character should be passed by the legislature and referred to the people. The reverse process in this instance means that an arbitrarily drafted measure, if approved by the people, will go to the legislature with all the strength of a popular mandate behind provisions which obviously ought to be changed and which their own author admits were not intended to be final. If the bill is passed, we believe that as a practical proposition the provisions definitely eliminating trailers cannot be amended by the legislature.

If the same effort is made before the legislature to have the good provisions of the bill enacted into law as is now being made to have the bill as a whole passed, results will be procured. In fact, it appears that some groups who are opposed to having the bill as a whole passed will go before the legislature to have provisions similar to its good provisions enacted into law.

*Exhaustive Study Is Necessary*

We find that bills similar to this Oregon proposal have been submitted to popular vote or introduced in the legislatures of important Eastern states and it is common knowledge that the railroads were back of these bills. The Texas and the Kansas laws very clearly attempted to regulate the contract motor truck off the highway and in a large measure succeeded. We are inclined to believe that the Oregon law will have a similar effect and we believe that before such drastic action is taken the state should subject the problem to a careful, exhaustive study and that the complex and vital question of coordinating railroad and motor truck freight rates should be gone into at public hearings with the ablest legal talent of the state participating in the public interest.

## RECOMMENDATIONS

This committee therefore recommends the defeat of the proposed "Highway Protection Law" on the following grounds:

1. That it fixes restrictions and prescribes fees for commercial uses of the highway apparently more with the idea of crippling efficient motor transportation than with the idea of protecting the highways or preventing accidents and that its restrictions and fee schedules which are intended to increase highway revenue may instead actually reduce revenue by eliminating truck business.

2. That it fails to back its restrictions by the weight of testimony of highway engineers, who we find do not consider the standard highway of today too light for the standard truck or truck and trailer equipment.

3. That it prescribes blanket regulations for a highway system that is not susceptible of blanket regulation.

4. That it will cripple and in many cases eliminate freight trucking over the highways, although freight trucking is the main economic justification for our huge highway investment which is being maintained and amortized in lower freight transportation costs and consequent benefits to the public.

5. That it proposes to lay too questionable a burden upon the commercial truck haulers of the state, who are the main spring of reduced transportation costs and the lever by which rate reductions have been obtained from competing railroads.

6. That a law which deals with so technical a problem as prescribing vehicle standards for a given thickness of pavement, or so complicated and critical a problem as determining what constitutes adequate protection for the public or the railroads, is not a proper measure to pass on short notice without prolonged public hearings and exhaustive study.

7. That this bill is fraught with great possible potential damage to those sections of the state not served by railroads but having large investments in highways which they expect to amortize in lower transportation costs.

9. That the increased trucking costs contemplated in this measure will in all likelihood eliminate the benefit now accruing to the state through the important Columbia River-Yakima trade connection and other trade connections made possible by highway transportation.

10. That the vital provision which definitely eliminates trailers cannot be corrected in the legislature without an amendment to the bill which, as a practical proposition, would be prohibited by the force of popular mandate.

## CONCLUSION

No report on this subject is complete without fair recognition of the public importance of highway trucking as it affects the railroads. It appears that the railroads of the state cannot be seriously crippled without great loss to the average citizen. The problem of reconciling motor to rail transportation is a public one which calls for the most enlightened statesmanship It must not be approached hurriedly or superficially or without proper consideration of consequences. It demands mature and expert analysis and should be decided from a public rather than a private motive.

Respectfully submitted,

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